

# City of Detroit

## CITY COUNCIL

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TO: COUNCILMEMBERS

FROM: Irvin Corley, Jr., Director *ICJ*  
Anne Marie Langan, Deputy Director *AML*

DATE: October 6, 2009

RE: Report on Gaming Tax Revenue through July 2009

For Council's review, the attached schedules present the gaming tax revenue activity through July 2009 and prior fiscal years.

The city collected \$13.7 million in gaming tax revenue for the first month of the fiscal year, which was 5.3% greater than the prior month of June. The July 2009 collection was 2% less than July 2008 and a 6.1% decrease over July 2007.

Adjusted gross casino gaming receipts came in at \$115.3 million for the month of July 2009. This represented a 5.31% increase over the prior month and a .20% decrease over July of 2008. Chart 2A "Monthly Detroit Gaming Receipts" through a twelve-month moving average trend line shows negative growth, approximately 2.15% since last July, among the combined casino receipts.

There is not a one-to-one relationship between the adjusted gross receipts and the tax revenue collection increases due to two factors. First, there is the fact that MGM and Motor City casinos began paying the city 1% less because of the permanent casinos opening on October 3 and November 29 of 2007. This reduction to the city is part of state Public Act 306 of 2004, when the legislature amended Public Act 69 of 1997, which was the original casino gaming legislation. P.A. 306 increased the wagering tax by 6% of which 2% went to the City of Detroit. The caveat was that when the permanent casino had been certified by the state gaming board as having operated for 30 consecutive days and once the city determined the project was complete, 5% of the 6% additional wagering tax would be eliminated, with the remaining 1% allocated to the city where the casino is being operated. Greektown should continue to pay the 6% additional wagering tax – 4% to the state, 2% to the city – until the permanent is open for thirty days and certified by the Administration, which has not yet occurred.

Second, the amended development agreement of August 2002 between the city and the casinos, which is separate from the state law, has all casinos, beginning in January 2006, paying an additional 1% over the state law, plus another 1% when the casino reaches \$400 million in gross receipts in a calendar year. For the third year in a row, due to MGM and Motor City reaching \$400 million in the calendar year, gaming tax collections will spike by \$10.0 million between October and December. MGM should reach \$400 million in October, and should have transferred to the City the initial \$4.0 million of the additional 1% within 10 days as stipulated in the development agreement. It does not appear that the amended casino development agreement included any penalty for late remittance, which MGM unfortunately has taken advantage of each year. Motor City should reach \$400 million during the month of November and has consistently remitted the funds to the city within the proper timeframe as outlined in the development agreement. It is not projected that Greektown will reach that threshold.

The 2009-2010 budget for gaming fee revenues is \$176.6 million, a 9.3% decrease over the 2008-2009 budget of \$194.78 million. Based on existing data, we are currently projecting a slight deficit of \$2.9 million.

Attachments (9)

cc: Council Divisions  
Auditor General  
Norman White, Finance Director  
Pamela Scales, Budget Director  
Renee Short, Budget Manager  
Tanya Stoudemire, Finance - Project Administration  
Kamau Marable, Mayor's Office



Chart 1

# Monthly Comparison Detroit Gaming Tax Collections By Fiscal Year

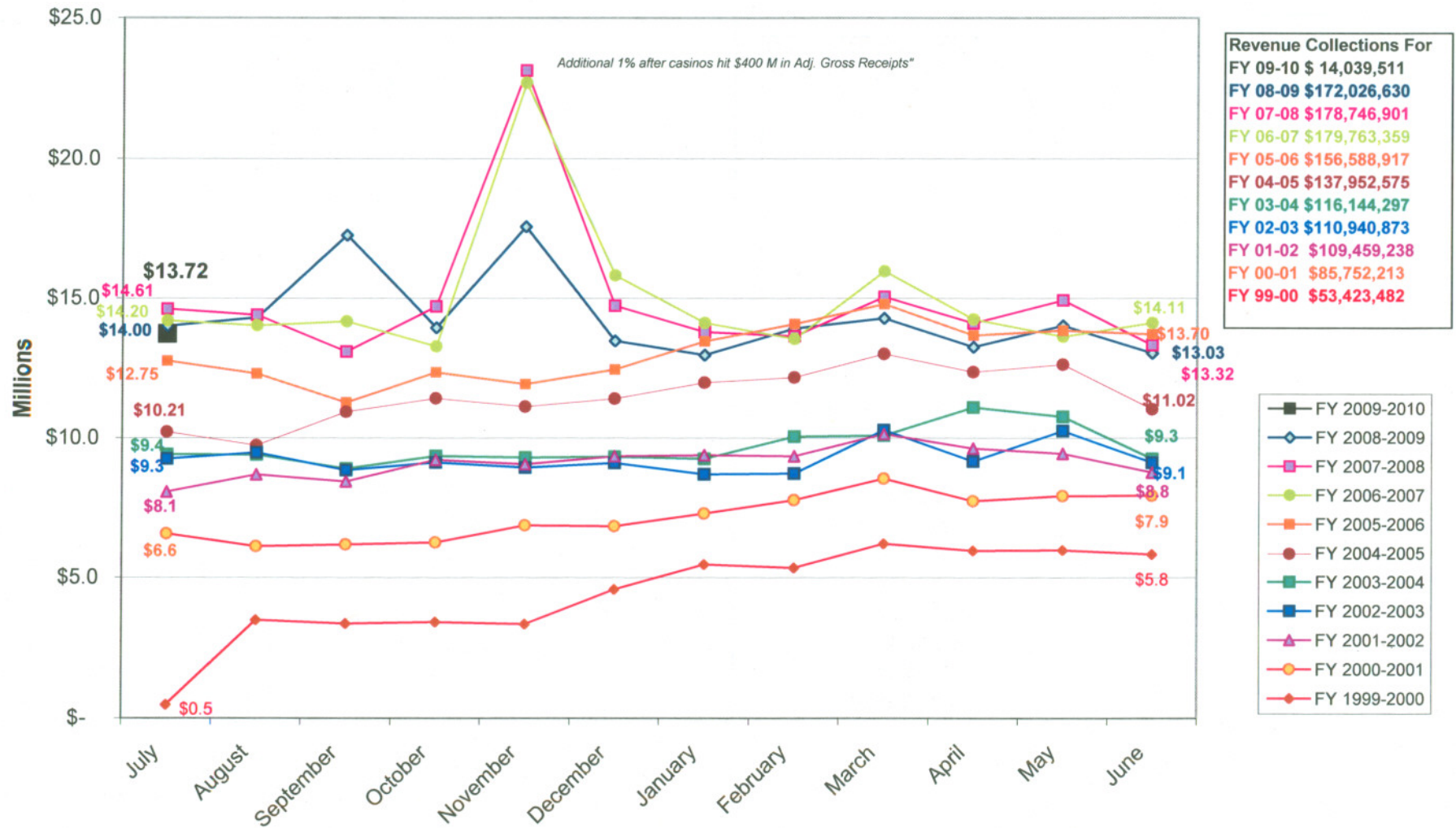


Chart1A

# Monthly Comparison Adjusted Gross Casino Gaming Receipts By Fiscal Year

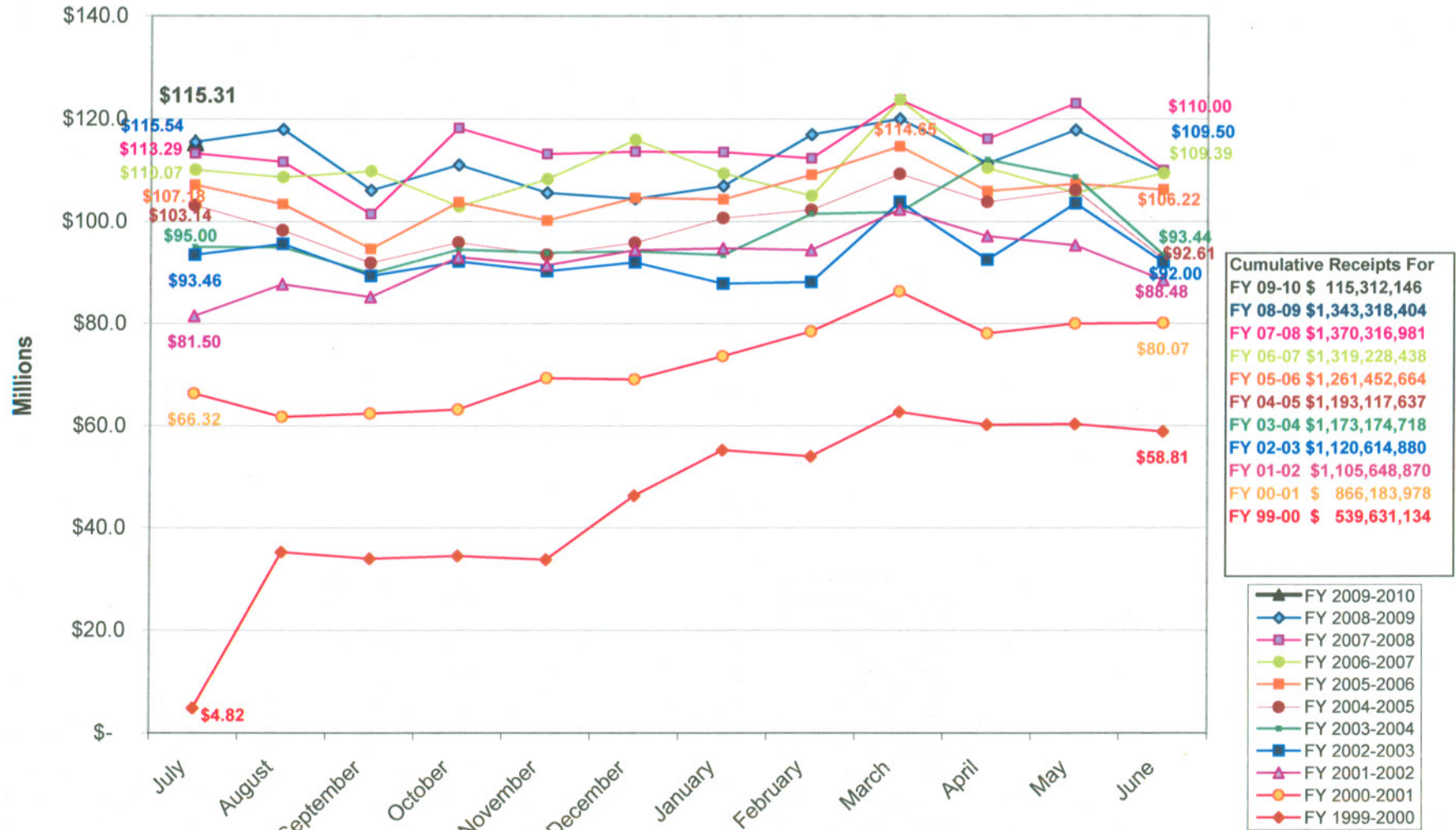


Chart 2

### Monthly Detroit Gaming Tax Collections

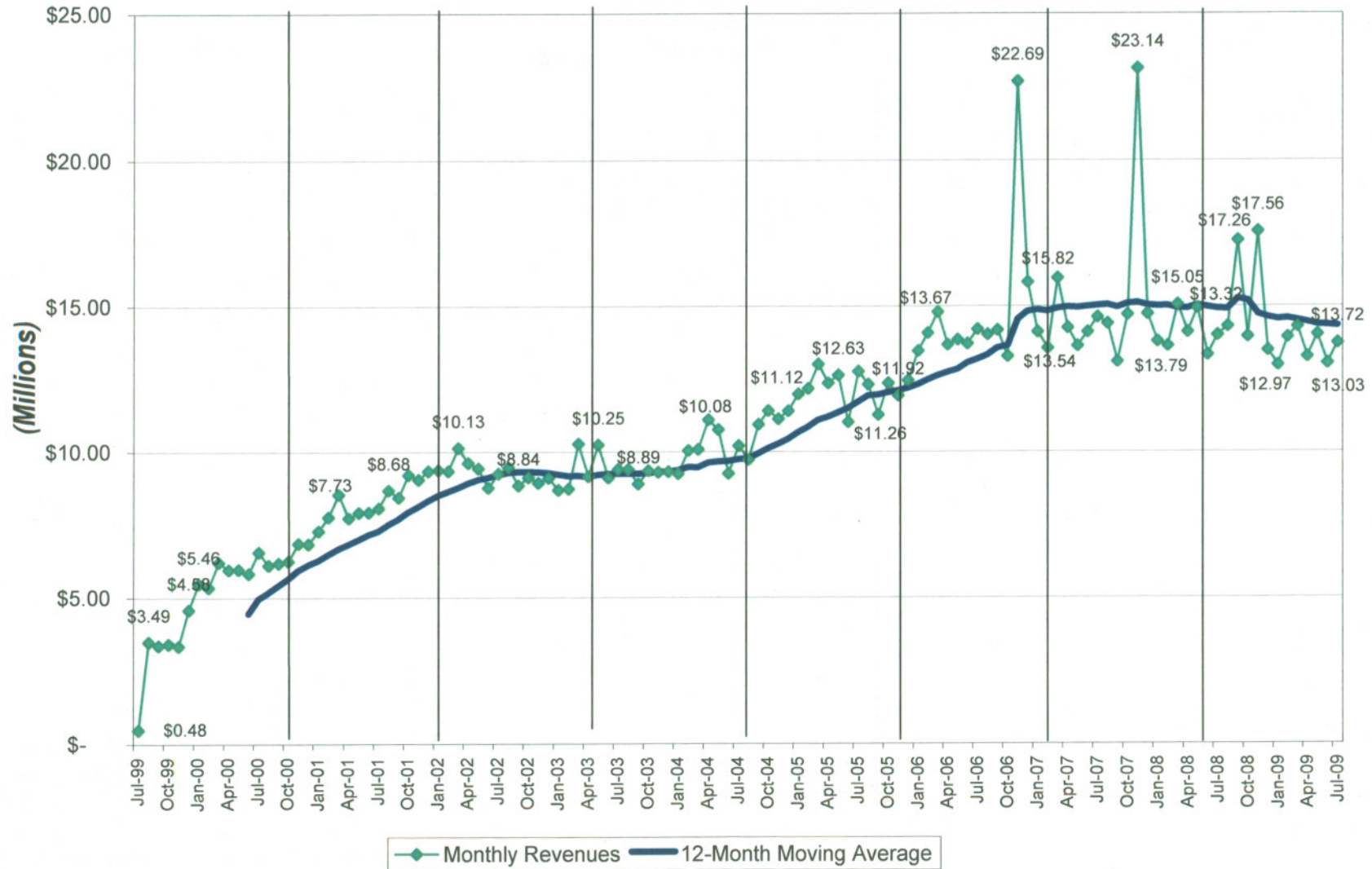


Chart 2A

### Monthly Adjusted Gross Casino Gaming Receipts

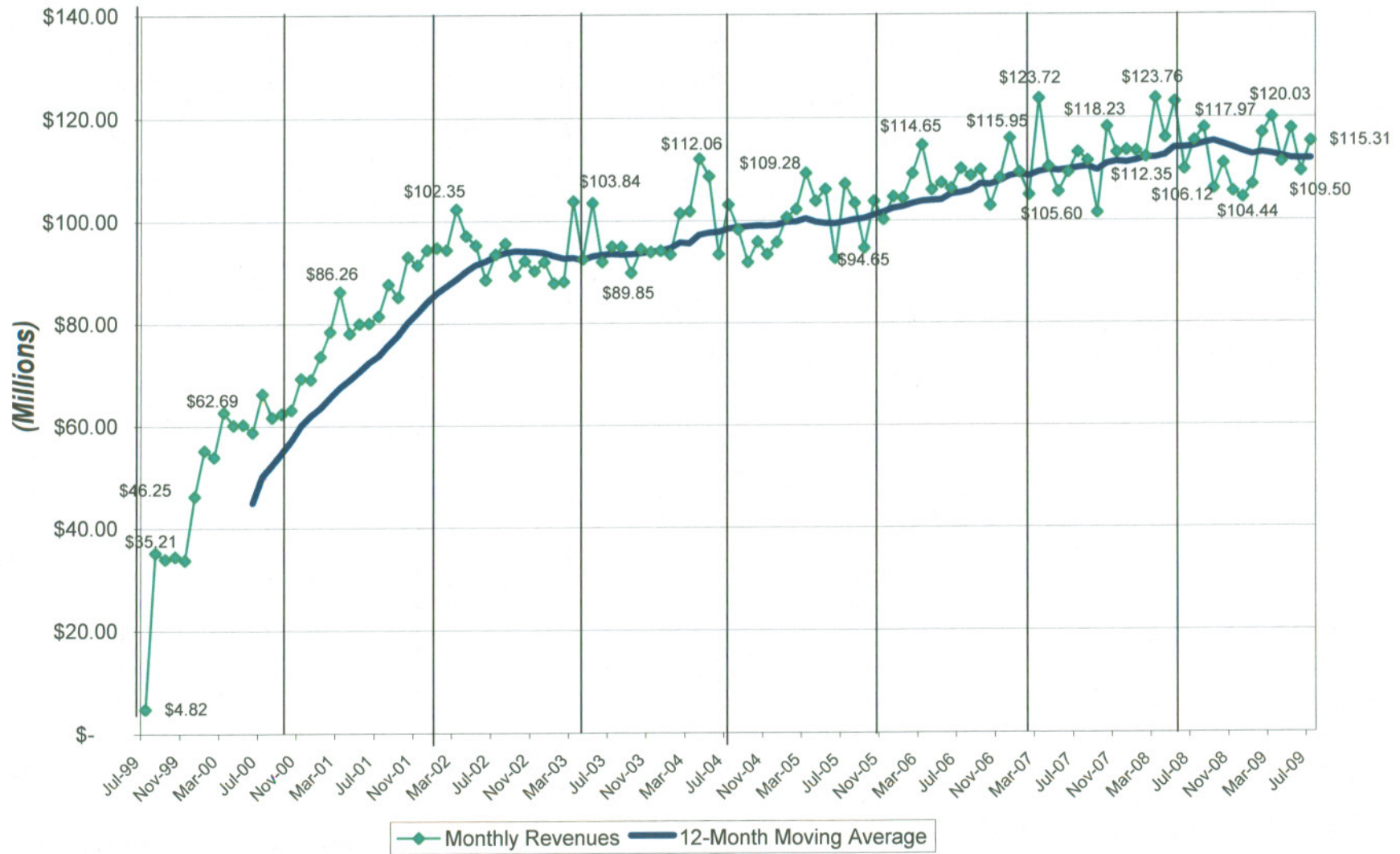




Chart 3

### MGM Monthly Comparison Adjusted Gross Gaming Receipts By Fiscal Year

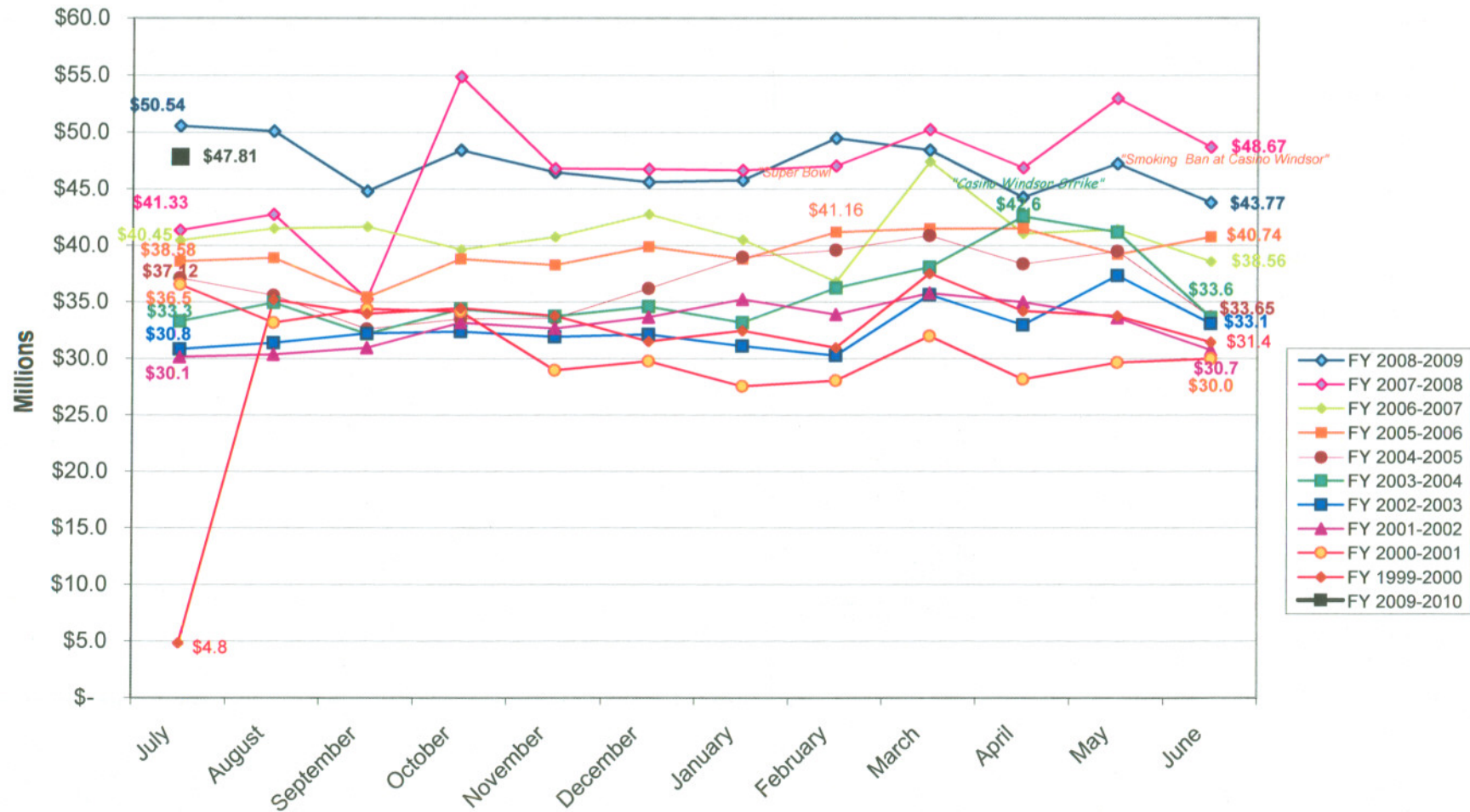


Chart 4

# Motor City Monthly Comparison Adjusted Gross Gaming Receipts By Fiscal Year

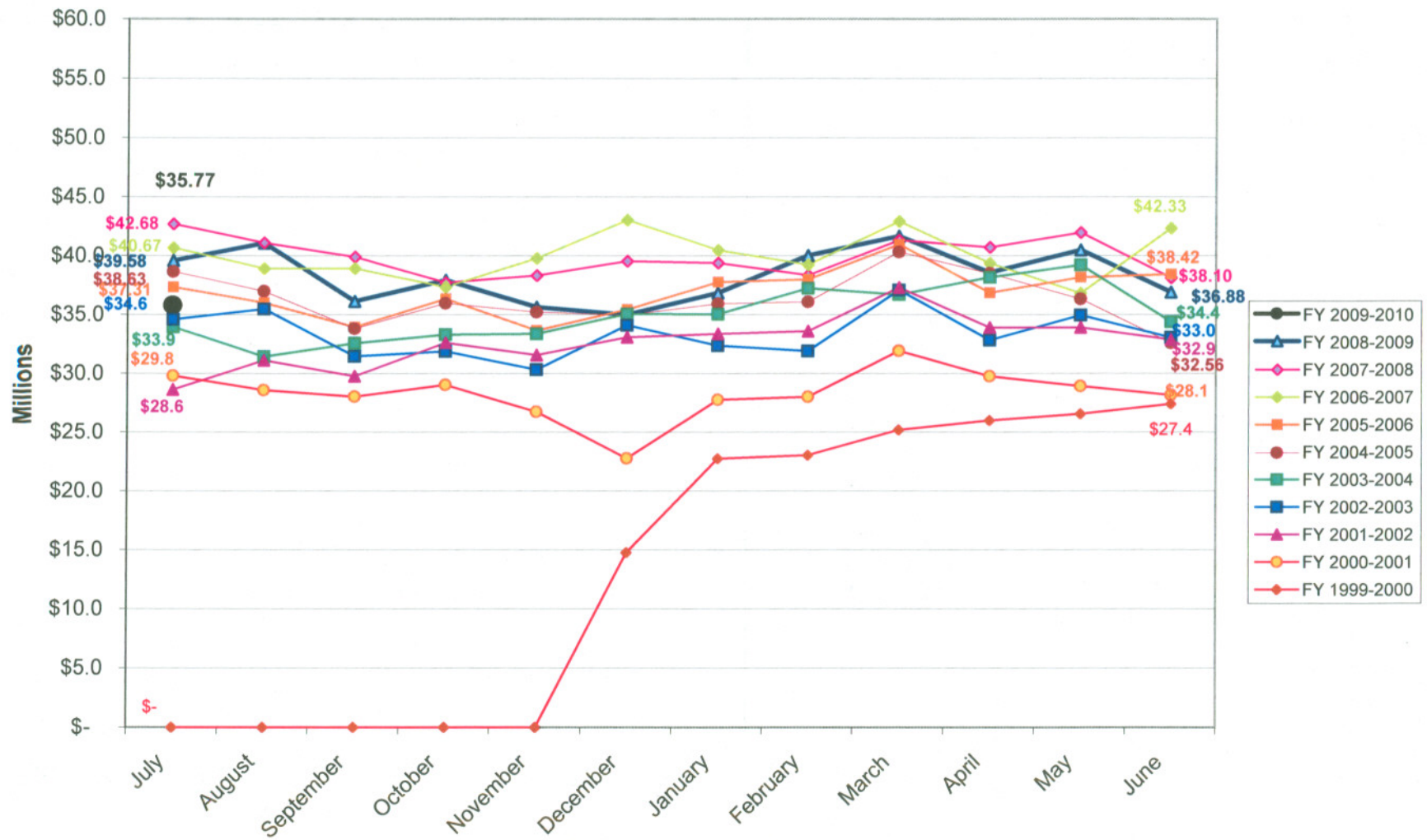




Chart 5

# Greektown Monthly Comparison Adjusted Gross Gaming Receipts By Fiscal Year

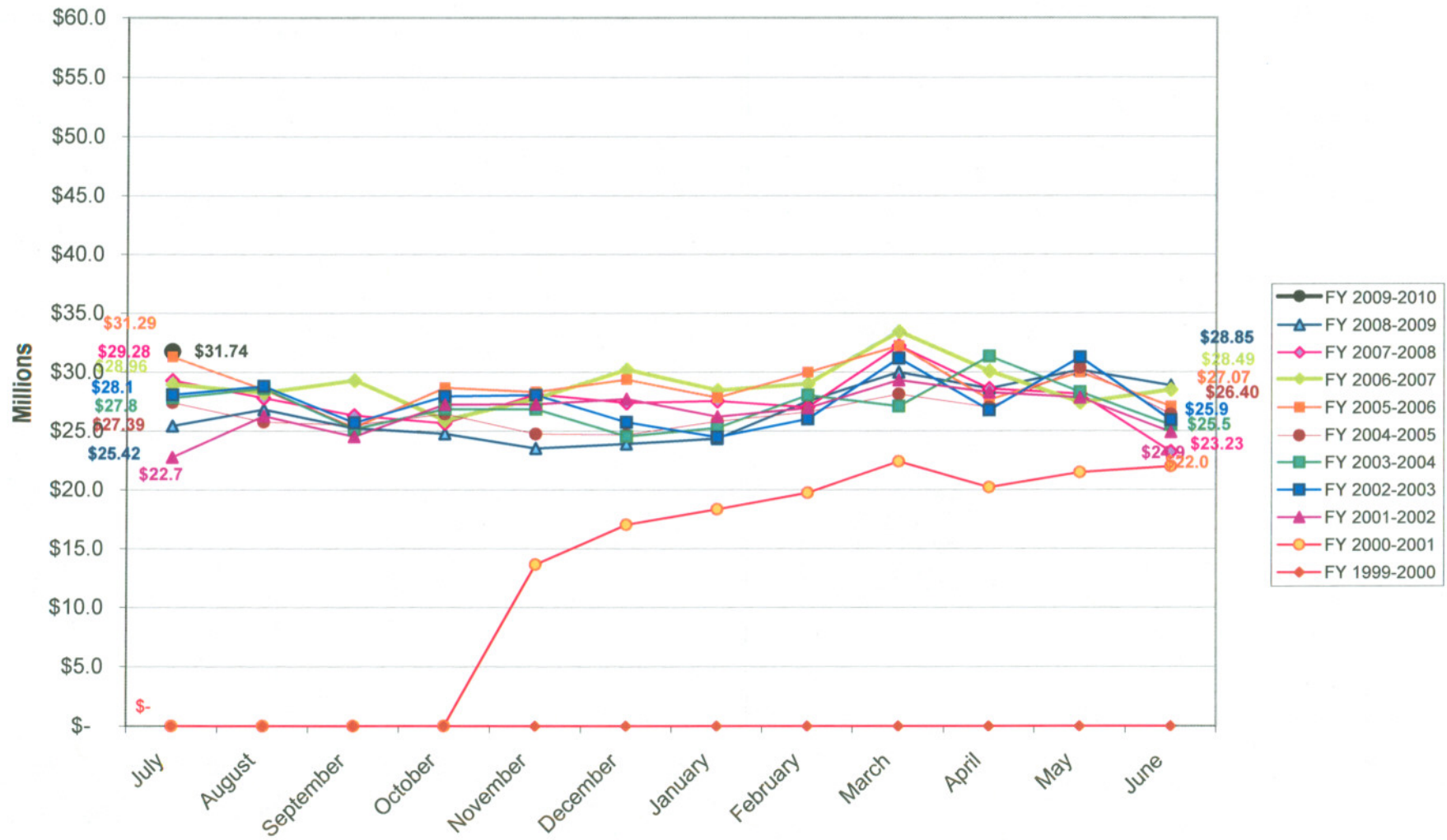


Table 1

## Wagering Tax Proj - All Casinos

	Total Adjusted Gross Receipts	Total Adjusted Gross Receipts	Chng. over prior month	Chng. over prior year	Total Adjusted Gross Receipts	Chng. over prior month	Chng. over prior year	Total Adjusted Gross Receipts	Chng. over prior month	Chng. over prior year	Total Adjusted Gross Receipts	Chng. over prior month	Chng. over prior year	Total Adjusted Gross Receipts	Chng. over prior month
	FY 99-00	FY 00-01			FY 01-02			FY 02-03			FY 03-04			FY 04-05	
July	\$ 4,818,554.11	\$ 66,323,549.18	12.77%	1276.42%	\$ 81,496,908.67	1.78%	22.88%	\$ 93,464,344.37	5.63%	14.68%	\$ 94,996,882.60	3.26%	1.64%	\$ 103,137,181.92	10.38%
August	\$ 35,206,963.97	\$ 61,725,994.28	-6.93%	75.32%	\$ 87,712,104.68	7.63%	42.10%	\$ 95,624,361.82	2.31%	9.02%	\$ 94,945,297.86	-0.05%	-0.71%	\$ 98,284,018.21	-4.71%
September	\$ 33,951,508.55	\$ 62,400,590.64	1.09%	83.79%	\$ 85,194,954.99	-2.87%	36.53%	\$ 89,330,627.77	-6.58%	4.85%	\$ 89,846,284.46	-5.37%	0.58%	\$ 91,879,662.05	-6.52%
October	\$ 34,457,655.34	\$ 63,154,788.42	1.21%	83.28%	\$ 93,009,539.88	9.17%	47.27%	\$ 92,160,878.71	3.17%	-0.91%	\$ 94,497,435.81	5.18%	2.54%	\$ 95,876,962.42	4.35%
November	\$ 33,753,191.20	\$ 69,311,190.20	9.75%	105.35%	\$ 91,433,716.17	-1.69%	31.92%	\$ 90,243,781.15	-2.08%	-1.30%	\$ 93,902,353.28	-0.63%	4.05%	\$ 93,449,975.38	-2.53%
December	\$ 46,250,828.30	\$ 69,524,423.42	0.31%	50.32%	\$ 94,402,799.35	3.25%	35.78%	\$ 91,920,659.97	1.86%	-2.63%	\$ 94,143,405.98	0.26%	2.42%	\$ 95,793,618.31	2.51%
January	\$ 55,200,849.45	\$ 73,592,001.56	5.85%	33.32%	\$ 94,761,814.26	0.38%	28.77%	\$ 87,887,493.44	-4.39%	-7.25%	\$ 93,418,339.78	-0.77%	6.29%	\$ 100,641,632.70	5.06%
February	\$ 53,986,302.45	\$ 75,747,462.08	2.93%	40.31%	\$ 94,372,441.05	-0.41%	24.59%	\$ 88,132,675.16	0.28%	-6.61%	\$ 101,448,959.91	8.60%	15.11%	\$ 102,234,696.19	1.58%
March	\$ 62,688,959.46	\$ 86,262,860.21	13.88%	37.60%	\$ 102,350,849.53	8.45%	18.65%	\$ 103,839,988.50	17.82%	1.45%	\$ 101,817,213.41	0.36%	-1.95%	\$ 109,276,275.06	6.89%
April	\$ 60,187,608.42	\$ 78,094,868.65	-9.47%	29.75%	\$ 97,128,696.05	-5.10%	24.37%	\$ 92,518,292.64	-10.90%	-4.75%	\$ 112,058,689.00	10.06%	21.12%	\$ 103,817,060.60	-5.00%
May	\$ 60,316,238.91	\$ 79,973,338.46	2.41%	32.59%	\$ 95,300,333.75	-1.88%	19.17%	\$ 103,491,412.70	11.86%	8.60%	\$ 108,663,278.95	-3.03%	5.00%	\$ 106,113,250.65	2.21%
June	\$ 58,812,474.03	\$ 80,072,911.35	0.12%	36.15%	\$ 88,484,712.03	-7.15%	10.51%	\$ 92,000,364.73	-11.10%	3.97%	\$ 93,436,577.00	-14.01%	1.56%	\$ 92,613,303.37	-12.72%
TOT RECEIPTS thru FY	\$ 539,631,134.19	\$ 866,183,978.45		60.51%	\$ 1,105,648,870.41		27.65%	\$ 1,120,614,880.96		1.35%	\$ 1,173,174,718.04		4.69%	\$ 1,193,117,636.86	
Receipts thru Cal Yr.															
Wagering Tax - pre 9/2004 (State Law)	9.90%	9.90%			9.90%			9.90%			9.90%			9.90%	
Wagering Tax - post 9/2004 (State Law)														11.90%	
Wagering Tax - post 1/2006 (Dev. Agrmt)															
Add'l 1% after calendar year hits \$400 M (Dev. Agrmt)															
Wagering Tax - post 10/07 - 30 days after permanent opens (State Law)															
Wagering Tax FYTD	\$ 53,423,482.28	\$ 85,752,213.87			\$ 109,459,238.17			\$ 110,940,873.22			\$ 116,144,297.09			\$ 137,952,574.78	
Add'l 1% after casino reaches \$400M during calendar year (Dev Agrmt)															
Total Revenue FYTD	\$ 53,423,482.28	\$ 85,752,213.87			\$ 109,459,238.17			\$ 110,940,873.22			\$ 116,144,297.09			\$ 137,952,574.78	
First month's receipts	\$ 4,818,554.11	\$ 66,323,549.18		1276.42%	\$ 81,496,908.67		22.88%	\$ 93,464,344.37		14.68%	\$ 94,996,882.60		1.64%	\$ 103,137,181.92	
Last 11 Months	\$ 534,812,580.08	\$ 799,860,429.27			\$ 1,024,151,961.74			\$ 1,027,150,536.59			\$ 1,078,177,835.44			\$ 1,089,980,454.94	
Ratio of first month to last 11 months	11099.03%	1206.00%			1256.68%			1098.98%			1134.96%			1056.83%	
est. last 11 months of receipts															
est. annual receipts															
Estimated wagering tax															
Budget	\$ 51,500,000.00	\$ 80,700,000.00		56.70%	\$ 95,800,000.00		18.71%	\$ 105,000,000.00		9.60%	\$ 110,000,000.00		4.76%	\$ 117,600,000.00	
Surplus/Deficit	\$ 1,923,482.28	\$ 5,052,213.87		162.66%	\$ 13,659,238.17		170.36%	\$ 5,940,873.22		-56.51%	\$ 6,144,297.09		3.42%	\$ 20,352,574.78	
Add'l 1% after \$400M - PROJECTION															
Adjusted Surplus/Deficit															



Table 1

## Wagering Tax Proj - All Casinos

	Chng. over prior year	Total Adjusted Gross Receipts	Chng. over prior month	Chng. over prior year	Total Adjusted Gross Receipts	Chng. over prior month	Chng. over prior year	Total Adjusted Gross Receipts	Chng. over prior month	Chng. over prior year	Total Adjusted Gross Receipts	Chng. over prior month	Chng. over prior year	Total Adjusted Gross Receipts	Chng. over prior month	Chng. over prior year
		<b>FY 05-06</b>			<b>FY 06-07</b>			<b>FY 07-08</b>			<b>FY 08-09</b>			<b>FY 09-10</b>		
July	8.57%	\$ 107,183,066.76	15.73%	3.92%	\$ 110,072,837.97	3.63%	2.70%	\$ 113,292,228.60	3.57%	2.92%	\$ 115,539,885.15	5.04%	1.98%	\$ 115,312,145.66	5.31%	-0.20%
August	3.52%	\$ 103,404,489.92	-3.53%	5.21%	\$ 108,670,718.41	-1.27%	5.09%	\$ 111,638,470.47	-1.46%	2.73%	\$ 117,966,649.27	2.10%	5.67%	\$ -	-100.00%	-100.00%
September	2.26%	\$ 94,646,506.32	-8.47%	3.01%	\$ 109,837,729.27	1.07%	16.05%	\$ 101,472,179.99	-9.11%	-7.62%	\$ 106,123,890.39	-10.04%	4.58%	\$ -	#DIV/0!	-100.00%
October	1.46%	\$ 103,785,884.07	9.66%	8.25%	\$ 102,879,908.44	-6.33%	-0.87%	\$ 118,232,375.81	16.52%	14.92%	\$ 111,054,369.91	4.65%	-6.07%	\$ -	#DIV/0!	-100.00%
November	-0.48%	\$ 100,200,007.05	-3.46%	7.22%	\$ 108,282,401.97	5.25%	8.07%	\$ 113,205,571.06	-4.25%	4.55%	\$ 105,577,595.23	-4.93%	-6.74%	\$ -	#DIV/0!	-100.00%
December	1.75%	\$ 104,627,713.94	4.42%	9.22%	\$ 115,954,230.89	7.09%	10.83%	\$ 113,644,454.00	0.39%	-1.99%	\$ 104,443,448.24	-1.07%	-8.10%	\$ -	#DIV/0!	-100.00%
January	7.73%	\$ 104,344,788.88	-0.27%	3.68%	\$ 109,395,456.08	-5.66%	4.84%	\$ 113,538,879.23	-0.09%	3.79%	\$ 106,916,307.76	2.37%	-5.83%	\$ -	#DIV/0!	-100.00%
February	0.77%	\$ 109,110,654.88	4.57%	6.73%	\$ 104,978,178.00	-4.04%	-3.79%	\$ 112,348,111.49	-1.05%	7.02%	\$ 116,961,635.84	9.40%	4.11%	\$ -	#DIV/0!	-100.00%
March	7.33%	\$ 114,646,495.31	5.07%	4.91%	\$ 123,724,595.76	17.86%	7.92%	\$ 123,755,237.80	10.15%	0.02%	\$ 120,025,025.84	2.62%	-3.01%	\$ -	#DIV/0!	-100.00%
April	-7.35%	\$ 105,961,980.53	-7.58%	2.07%	\$ 110,447,576.58	-10.73%	4.23%	\$ 116,140,232.49	-6.15%	5.15%	\$ 111,379,057.92	-7.20%	-4.10%	\$ -	#DIV/0!	-100.00%
May	-2.35%	\$ 107,320,342.18	1.28%	1.14%	\$ 105,599,379.09	-4.39%	-1.60%	\$ 123,052,907.87	5.95%	16.53%	\$ 117,827,962.49	5.79%	-4.25%	\$ -	#DIV/0!	-100.00%
June	-0.88%	\$ 106,220,734.54	-1.02%	14.69%	\$ 109,385,425.87	3.59%	2.98%	\$ 109,996,332.91	-10.61%	0.56%	\$ 109,502,576.14	-7.07%	-0.45%	\$ -	#DIV/0!	-100.00%
<b>TOT RECEIPTS thru FY</b>	<b>1.70%</b>	<b>\$ 1,261,452,664.38</b>		<b>5.73%</b>	<b>\$ 1,319,228,438.33</b>		<b>4.58%</b>	<b>\$ 1,370,316,981.72</b>		<b>3.87%</b>	<b>\$ 1,343,318,404.18</b>		<b>-1.97%</b>	<b>\$ 115,312,145.66</b>		<b>-91.42%</b>
<b>Receipts thru Cal Yr.</b>								<b>\$ 993,695,395.73</b>			<b>\$ 1,043,238,557.78</b>			<b>\$ 596,782,174.12</b>		
Wagering Tax - pre 9/2004 (State Law)																
Wagering Tax - post 9/2004 (State Law)		11.90%														
Wagering Tax - post 1/2006 (Dev. Agrmt)		12.90%			12.90%			12.90%			12.90%			12.90%		
Add'l 1% after calendar year hits \$400 M (Dev. Agrmt)					1.00%			1.00%			1.00%			1.00%		
Wagering Tax - post 10/07 - 30 days after permanent opens (State Law)								11.90%			11.90%			11.90%		
Wagering Tax FYTD Add'l 1% after Casino reaches \$400M during calendar year (Dev Agrmt)	<b>18.78%</b>	<b>\$ 156,588,917.02</b>		<b>13.51%</b>	<b>\$ 170,180,468.54</b>			<b>\$ 168,809,946.93</b>			<b>\$ 161,594,244.02</b>			<b>\$ 13,722,145.33</b>		
Total Revenue FYTD		<b>\$ 156,588,917.02</b>			<b>\$ 179,763,359.33</b>			<b>\$ 178,746,900.89</b>		<b>-0.57%</b>	<b>\$ 172,026,629.60</b>			<b>\$ 13,722,145.33</b>		
First month's receipts	8.57%	\$ 107,183,066.76		3.92%	\$ 110,072,837.97		2.70%	\$ 113,292,228.60		2.92%	\$ 115,539,885.15		1.98%	\$ 115,312,145.66		-0.20%
Last 11 Months Ratio of first month to last 11 months	1.09%	\$ 1,154,269,597.62		5.90%	\$ 1,209,155,600.36		4.76%	\$ 1,257,024,753.12		3.96%	\$ 1,227,778,519.03					
est. last 11 months of receipts est. annual receipts		1076.91%			1098.50%			1109.54%			1062.64%			1086.90%		4 year avg.
Estimated wagering tax														\$ 163,670,958.28		-4.86%
Budget	6.91%	\$ 153,000,000.00		30.10%	\$ 184,850,000.00		20.82%	\$ 193,248,000.00		4.54%	\$ 194,780,000.00		0.79%	\$ 176,600,000.00		-9.33%
Surplus/Deficit	231.24%	\$ 3,588,917.02		-82.37%	\$ (5,086,640.67)		-241.73%	\$ (14,501,099.11)		185.08%	\$ (22,753,370.40)		56.91%	\$ (12,929,041.72)		-43.18%
Add'l 1% after \$400M - PROJE														\$ 10,000,000.00		
Adjusted Surplus/Deficit														\$ (2,929,041.72)		